

Testimony of  
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Hopkinsville, Kentucky

Before the Tennessee Valley Authority  
Board of Directors

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Hopkinsville, Kentucky

My name is Eston Glover, Jr., and I am President and CEO of Pennyrite Electric Cooperative serving 45,000 member-owners in nine counties in the Southwest part of Kentucky. I have served as President of the Kentucky Managers Association, currently serve as Secretary-Treasurer of the Kentucky Association of Electric Cooperatives, and also serve as Chairman of the Board of the Tennessee Valley Public Power Association. TVPPA represents the 158 distributors in the Valley.

Our cooperative, along with the other power distributors in Kentucky, have dealt with the issue of lower cost electricity provided by some of our neighbors, and we have spent a lot of time researching the options for wholesale power. We visited with most every supplier of wholesale power and evaluated our options relative to price, reliability, costs to move from TVA, generation capacity and transmission issues. We decided early on that TVA was the best supplier for us at the time. Actually, since that decision, we have seen a narrowing of the opportunity to save money on energy costs, and in some cases a reversal in how our costs compare to our neighbors.

Since we have made the decision for TVA to continue to be our power supplier, it is in our member-owners' best interest that TVA continue to be a strong and healthy organization. We also believe it is very important that TVA operate in a fiscally sound manner, continue to maintain a strong bond rating on the open market, and that distributors choosing to stay with TVA should not bear an undue burden of cost brought on by any distributor choosing to buy power outside the Valley.

TVPPA has a Steering Committee consisting of noticing distributors and non-noticing distributors who have worked very closely with TVA developing a document containing a Framework of ideas for discussion

that will resolve issues relative to transmission, generation and transmission ownership, and partial requirements. We strongly support this effort of unity, and praise the work of those directly involved in putting this in place.

Within this Framework document we feel that a non-legislative contractual plan is the best approach to use. This contractual arrangement would allow for transmission access on a comparable, just and reasonable, and non-discriminatory basis for all who choose alternate power suppliers, and/or purchase or construct their own generation and transmission assets.

We agree that the arrangement must meet the needs of all distributors; including current notice givers, future notice givers, and those with no desire to leave TVA. We also agree that the arrangement should protect all distributors from undue cost shifting between various groups of distributors.

We feel that there should eventually be Legislative action modifying the TVA Fence so that TVA will have the opportunity to sell a pro rata amount of power outside the Valley compared to the amount of load lost to other wholesale providers. But, until Legislative action occurs, the Framework document should be used to reach a contractual agreement allowing for transmission access.

Good faith steps have been taken by all parties to solve issues of transmission, partial requirements, and generation and transmission ownership, and the Framework document you have seen today is evidence of that. I encourage you to continue your management method by allowing TVA's CEO and management personnel to continue working with TVPPA leadership in fleshing out the issues still remaining, and finalizing a contractual agreement that will meet the needs of all the valley, not just one or two segments of our makeup.

I am sure you realize that not everyone will agree with everything about the finished product, but working together everyone can agree that a jointly negotiated contractual agreement can meet the needs and expectations of all parties.

Thank you for allowing me to express views held by TVPPA, which represents all 158 distributors in the Valley.